



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2008
OF THE CONDITION AND AFFAIRS OF THE

Priority Health

NAIC Group Code	3383	3383	NAIC Company Code	95561	Employer's ID Number	38-2715520
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Hospital, Medical & Dental Service or Indemnity []	
	Dental Service Corporation []		Vision Service Corporation []		Health Maintenance Organization [X]	
	Other []		Is HMO, Federally Qualified? Yes [] No [X]			
Incorporated/Organized	03/07/1986		Commenced Business	10/15/1986		
Statutory Home Office	1231 East Beltline NE			Grand Rapids, MI 49525-4501		
	(Street and Number)			(City, State and Zip Code)		
Main Administrative Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-942-0954	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-464-8926	
	(Street and Number)		(City, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Website Address	www.priority-health.com					
Statutory Statement Contact	Kristy Shoemaker			616-464-8926		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	kristy.shoemaker@priority-health.com			616-942-7916		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	President / Chief Executive Officer	Gregory A Hawkins	Treasurer / Chief Financial Officer
Judith W Hooyenga	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Dennis Aloia	Craig H Bethune	Richard C Breon	Gaylen J Byker
Karl D Deck	Georgia R Fojtasek	Michael P Freed	Lynn Kotecki
Michael I Love	Peter B Lundeen	Christina MacInnes	Edward M Millermaier
Kathleen S Ponitz	Stephen B Reznicek	Robert W Roth	Thomas G Schwaderer
Timothy V Smith	Hilary F Snell	Dale M Sowders	James J Stephanak
Jody D Vanderwel	Douglas A Zwemer		

State of Michigan
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn President / Chief Executive Officer	Gregory A Hawkins Treasurer / Chief Financial Officer	Judith W Hooyenga Secretary
a. Is this an original filing? Yes [X] No []		
b. If no,		
1. State the amendment number		
2. Date filed		
3. Number of pages attached		
Subscribed and sworn to before me this day of November, 2008		
Cheryl Britcher, Executive Administrative Assistant 12/30/2011		

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	136,590,215		136,590,215	134,425,269
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	64,267,485	802,347	63,465,138	62,179,030
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$0 encumbrances)	710,195	710,195	0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$(20,571,905)), cash equivalents (\$298,776) and short-term investments (\$197,049,605)	176,776,476		176,776,476	170,060,202
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	378,344,371	1,512,542	376,831,829	366,664,501
11. Title plants less \$charged off (for Title insurers only)			0	0
12. Investment income due and accrued	2,448,698		2,448,698	2,619,020
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	9,802,353	157,447	9,644,906	11,723,305
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums	408,487		408,487	299,273
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	372,488		372,488	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$0)	11,727,687	11,727,687	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	1,232,831		1,232,831	2,897,622
22. Health care (\$7,137,235) and other amounts receivable	7,161,414	793,714	6,367,700	7,645,754
23. Aggregate write-ins for other than invested assets	3,561,516	3,561,516	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	415,059,845	17,752,906	397,306,939	391,849,475
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	415,059,845	17,752,906	397,306,939	391,849,475
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Goodwill	3,525,000	3,525,000	0	0
2302. Prepaid expenses	36,516	36,516	0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	3,561,516	3,561,516	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	99,835,462	9,767,686	109,603,148	103,382,443
2. Accrued medical incentive pool and bonus amounts	14,504,607	0	14,504,607	17,652,309
3. Unpaid claims adjustment expenses	1,639,012	160,357	1,799,369	1,806,738
4. Aggregate health policy reserves	602,034	0	602,034	300,301
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	28,500,315	0	28,500,315	26,652,915
9. General expenses due or accrued	1,853,401	0	1,853,401	3,108,553
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	190,711		190,711	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	17,650,776	0	17,650,776	8,418,941
16. Payable for securities	873,272		873,272	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans	37,380	0	37,380	11,569
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	15,066,749
22. Total liabilities (Lines 1 to 21)	165,686,970	9,928,043	175,615,013	176,400,518
23. Aggregate write-ins for special surplus funds	XXX	XXX	1,000,000	1,000,000
24. Common capital stock	XXX	XXX	8,524	8,524
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	35,821,002	35,821,002
27. Surplus notes	XXX	XXX	33,839,572	33,839,572
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	151,022,828	144,779,859
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24) \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25) \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	221,691,926	215,448,957
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	397,306,939	391,849,475
DETAILS OF WRITE-INS				
2101. Acquisition Costs	0	0	0	15,066,749
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	15,066,749
2301. Appropriated Retained Earnings	XXX	XXX	1,000,000	1,000,000
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	1,000,000	1,000,000
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	3,222,856	3,434,834	4,871,980
2. Net premium income (including \$0 non-health premium income).....	XXX	941,474,108	1,033,470,735	1,375,182,101
3. Change in unearned premium reserves and reserve for rate credits	XXX		.0	.0
4. Fee-for-service (net of \$ medical expenses)	XXX		.0	.0
5. Risk revenue	XXX		.0	.0
6. Aggregate write-ins for other health care related revenues	XXX	386,410	.0	534,252
7. Aggregate write-ins for other non-health revenues	XXX	.0	.0	.0
8. Total revenues (Lines 2 to 7)	XXX	941,860,518	1,033,470,735	1,375,716,353
Hospital and Medical:				
9. Hospital/medical benefits		632,026,842	662,829,941	889,634,264
10. Other professional services		592,096	1,039,175	1,474,912
11. Outside referrals		26,374,032	24,899,532	33,202,697
12. Emergency room and out-of-area		22,053,972	33,687,261	42,939,898
13. Prescription drugs		160,625,946	184,173,607	247,111,785
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		15,249,230	21,679,962	26,815,410
16. Subtotal (Lines 9 to 15) .....	.0	856,922,118	928,309,478	1,241,178,966
Less:				
17. Net reinsurance recoveries		1,156,343	1,159,368	1,686,209
18. Total hospital and medical (Lines 16 minus 17) .....	.0	855,765,775	927,150,110	1,239,492,757
19. Non-health claims (net).....		.0	.0	.0
20. Claims adjustment expenses, including \$ 1,347,251 .....cost containment expenses.....		13,472,507	13,701,283	19,352,418
21. General administrative expenses.....		77,006,699	79,834,961	109,663,706
22. Increase in reserves for life and accident and health contracts including \$0 increase in reserves for life only).....		.0	(417,305)	(2,276,000)
23. Total underwriting deductions (Lines 18 through 22) .....	.0	946,244,981	1,020,269,049	1,366,232,881
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(4,384,463)	13,201,686	9,483,472
25. Net investment income earned		9,815,050	12,562,113	17,067,073
26. Net realized capital gains (losses) less capital gains tax of \$.....0		30,873	(216,910)	(175,065)
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	9,845,923	12,345,203	16,892,008
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$ ..... ) .....			.0	.0
29. Aggregate write-ins for other income or expenses .....	.0	729,896	376,647	(779,278)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	6,191,356	25,923,536	25,596,202
31. Federal and foreign income taxes incurred	XXX		.0	.0
32. Net income (loss) (Lines 30 minus 31)	XXX	6,191,356	25,923,536	25,596,202
DETAILS OF WRITE-INS				
0601. Wellness Program Revenue.....	XXX	386,410	.0	534,252
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	386,410	0	534,252
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	.0	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901. Supplemental Income.....	.0	.0	376,647	376,647
2902. Write-down on Dissolution of Affiliate.....	.0	.0	.0	(1,375,364)
2903. Management Fee Revenue.....	.0	729,896	.0	219,439
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	729,896	376,647	(779,278)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	215,448,957	205,464,894	206,685,424
34. Net income or (loss) from Line 32.....	6,191,356	25,923,536	25,596,202
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(8,008,402)	(1,172,087)	(160,757)
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		0	0
39. Change in nonadmitted assets.....	2,841,765	(16,528,986)	(16,671,912)
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	0	0
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	0
45.2 Transferred to capital (Stock Dividend).....0		0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....		0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	5,218,250	0	0
48. Net change in capital & surplus (Lines 34 to 47).....	6,242,969	8,222,463	8,763,533
49. Capital and surplus end of reporting period (Line 33 plus 48)	221,691,926	213,687,357	215,448,957
DETAILS OF WRITE-INS			
4701. Purchase Price Adjustment.....	5,218,250	0	0
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page.....0		0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	5,218,250	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	945,764,929	1,387,110,437
2. Net investment income	10,154,225	17,944,106
3. Miscellaneous income	386,410	534,252
4. Total (Lines 1 to 3)	956,305,564	1,405,588,795
5. Benefits and loss related payments	846,766,804	1,242,783,836
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	90,986,019	130,800,566
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	937,752,823	1,373,584,402
11. Net cash from operations (Line 4 minus Line 10)	18,552,741	32,004,393
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	42,785,298	33,429,541
12.2 Stocks	0	3,894
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(311,914)	942,347
12.7 Miscellaneous proceeds	1,304,511	65,000
12.8 Total investment proceeds (Lines 12.1 to 12.7)	43,777,895	34,440,782
13. Cost of investments acquired (long-term only):		
13.1 Bonds	45,095,162	39,638,075
13.2 Stocks	9,287,226	5,492,575
13.3 Mortgage loans	0	0
13.4 Real estate	190,531	511,660
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	849,371
13.7 Total investments acquired (Lines 13.1 to 13.6)	54,572,919	46,491,681
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(10,795,024)	(12,050,899)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(1,041,443)	3,111,655
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(1,041,443)	3,111,655
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	6,716,274	23,065,149
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	170,060,202	146,995,053
19.2 End of period (Line 18 plus Line 19.1)	176,776,476	170,060,202

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION										
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	398,183	1,090	389,365	.0	.0	.0	.0	7,728	.0	.0
2 First Quarter	359,422	1,595	349,085	.0	.0	.0	.0	8,742	.0	.0
3 Second Quarter	355,224	1,591	344,584	.0	.0	.0	.0	9,049	.0	.0
4. Third Quarter	358,088	1,560	347,095	.0	.0	.0	.0	9,433	.0	.0
5. Current Year	.0									
6 Current Year Member Months	3,222,856	14,254	3,128,038	.0	.0	.0	.0	80,564	.0	.0
Total Member Ambulatory Encounters for Period:										
7. Physician	2,464,077	10,411	2,326,859	.0	.0	.0	.0	126,807	.0	.0
8. Non-Physician	330,767	1,144	315,694	.0	.0	.0	.0	13,929	.0	.0
9. Total	2,794,844	11,555	2,642,553	.0	.0	.0	.0	140,736	.0	.0
10. Hospital Patient Days Incurred	71,811	263	60,596	.0	.0	.0	.0	10,952	.0	.0
11. Number of Inpatient Admissions	16,796	66	15,173	.0	.0	.0	.0	1,557	.0	.0
12. Health Premiums Written	942,255,773	2,678,115	882,370,370	.0	.0	.0	.0	57,207,288	.0	.0
13. Life Premiums Direct.....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned	941,474,108	2,675,769	881,597,496	.0	.0	.0	.0	57,200,843	.0	.0
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services	849,952,696	4,074,555	799,887,301					45,990,840		
18. Amount Incurred for Provision of Health Care Services	856,922,118	4,102,422	803,959,104					48,860,592		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$57,207,288

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0199999 Individually Listed Claims Unpaid	0	0	0	0	0	0
0299999 Aggregate Accounts Not Individually Listed-Uncovered	2,499,748					2,499,748
0399999 Aggregate Accounts Not Individually Listed-Covered	24,432,723					24,432,723
0499999 Subtotals	26,932,471	0	0	0	0	26,932,471
0599999 Unreported Claims and Other Claim Reserves	XXX	XXX	XXX	XXX	XXX	82,629,234
0699999 Total Amounts Withheld	XXX	XXX	XXX	XXX	XXX	41,443
0799999 Total Claims Unpaid	XXX	XXX	XXX	XXX	XXX	109,603,148
0899999 Accrued Medical Incentive Pool and Bonus Amounts	XXX	XXX	XXX	XXX	XXX	14,504,607

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	95,298,926	703,290,182	4,847,418	96,182,510	100,146,345	97,678,976
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare	4,708,830	41,282,009	124,084	8,449,135	4,832,914	5,703,467
7. Title XIX - Medicaid .....					.0	.0
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	100,007,757	744,572,192	4,971,503	104,631,645	104,979,259	103,382,443
10. Healthcare receivables (a)	7,241,293	5,897,521	565,136	4,502,387	7,806,429	7,807,599
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts	15,806,370	2,705,192	786,644	13,717,963	16,593,014	17,652,309
13. Totals	108,572,834	741,379,862	5,193,010	113,847,222	113,765,844	113,227,153

(a) Excludes \$0 loans and advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

No material changes from year end disclosures.

2. Accounting Changes and Correction of Errors

No material changes from prior quarter end disclosures.

3. Business Combinations and Goodwill

Acquisition of Care Choices and Trinity Health Plans

Statutory Merger

1. Effective December 21, 2006, PH entered into a Merger and Stock Purchase Agreement (the Merger Agreement) with Trinity Health-Michigan (Seller), Care Choices, and THP. On April 1, 2007, Care Choices merged with and into PH, at which time the separate existence of Care Choices ceased. Concurrently, PH acquired from the Seller all of the outstanding stock of THP. Care Choices and THP are Michigan nonprofit corporations.

As part of the settlement, Priority Health (PH) agreed to make an additional payment to Care Choices' previous owner based on retained membership as of April 1, 2008. The payment amount of \$9,848,499 was approved in June 2008 and paid in July 2008. This represents a reduction in the estimate at year end of \$5,218,250 and is presented as an aggregate write-in on the *Capital and Surplus Account*.

2. No material changes from year end disclosures.
3. No material changes from year end disclosures.
4. No material changes from year end disclosures.
5. Not applicable.

4. Discontinued Operations

No material changes from year end disclosures.

5. Investments

No material changes from year end disclosures.

6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

7. Investment Income

No material changes from year end disclosures.

8. Derivative Instruments

No material changes from year end disclosures.

9. Income Taxes

NOTES TO FINANCIAL STATEMENTS

No material changes from year end disclosures.

10. Information Concerning Parent, Subsidiaries, and Affiliates

The Company contributed capital to its subsidiary, Priority Health Insurance Company, in the amount of \$4,000,000. The settlement occurred on September 30, 2008.

11. Debt

No material changes from year end disclosures.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

No material changes from year end disclosures.

14. Contingencies

No material changes from year end disclosures.

15. Leases

No material changes from year end disclosures.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from year end disclosures.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

No material changes from year end disclosures.

18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No material changes from year end disclosures

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

20. September 11 Events

No material changes from year end disclosures.

21. Other Items

No material changes from year end disclosures.

22. Events Subsequent

NOTES TO FINANCIAL STATEMENTS

No material changes from 1st quarter disclosures.

23. Reinsurance

No material changes from year end disclosures.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures

25. Change in Incurred Claims and Claim Adjustment Expenses

No material changes from year end disclosures.

26. Intercompany Pooling Arrangements

No material changes from year end disclosures.

27. Structured Settlements

No material changes from year end disclosures.

28. Health Care Receivables

No material changes from year end disclosures.

29. Participating Policies

No material changes from year end disclosures.

30. Premium Deficiency Reserves

No material changes from year end disclosures.

31. Anticipated Salvage and Subrogation

No material changes from year end disclosures.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☐ No ☒ NA ☐

If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2006
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2006
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

05/26/2008
- 6.4

By what department or departments?

State of Michigan Office of Financial and Insurance Regulation
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ NA ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☐ No ☒ NA ☐
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?.....

Yes ☒ No ☐
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.
- 9.11

If the response to 9.1 is No, please explain:

.....
- 9.2

Has the code of ethics for senior managers been amended?.....

Yes ☐ No ☒
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes ☐ No ☒
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☒ No ☐
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$0

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ☐ No ☒
- 11.2

If yes, give full and complete information relating thereto:

.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA: \$0
13.

Amount of real estate and mortgages held in short-term investments: \$0
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes ☒ No ☐
- 14.2

If yes, please complete the following:

	1		2
	Prior Year-End		Current Quarter
	Book/Adjusted		Book/Adjusted
	Carrying Value		Carrying Value
14.21 Bonds	\$	\$	
14.22 Preferred Stock	\$	\$	
14.23 Common Stock	\$21,874,578	\$25,682,021	
14.24 Short-Term Investments	\$	\$	
14.25 Mortgage Loans on Real Estate	\$	\$	
14.26 All Other	\$	\$	
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$21,874,578	\$25,682,021	
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$	
- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes ☐ No ☒
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes ☐ No ☐

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [] No [X]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	Grand Rapids, Michigan.....
Huntington National Bank.....	Grand Rapids, Michigan.....
Mellon Trust.....	Pittsburgh, Pennsylvania.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Michigan Department of Treasury.....	Lansing, Michigan.....	Statutory Deposit - Held by the State of Michigan.....

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter?

Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
N/A.....	Prime Advisors, Inc.....	Bloomfield, Connecticut.....

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [X] No []

17.2 If no, list exceptions:

.....

SCHEDULE S - CEDED REINSURANCE

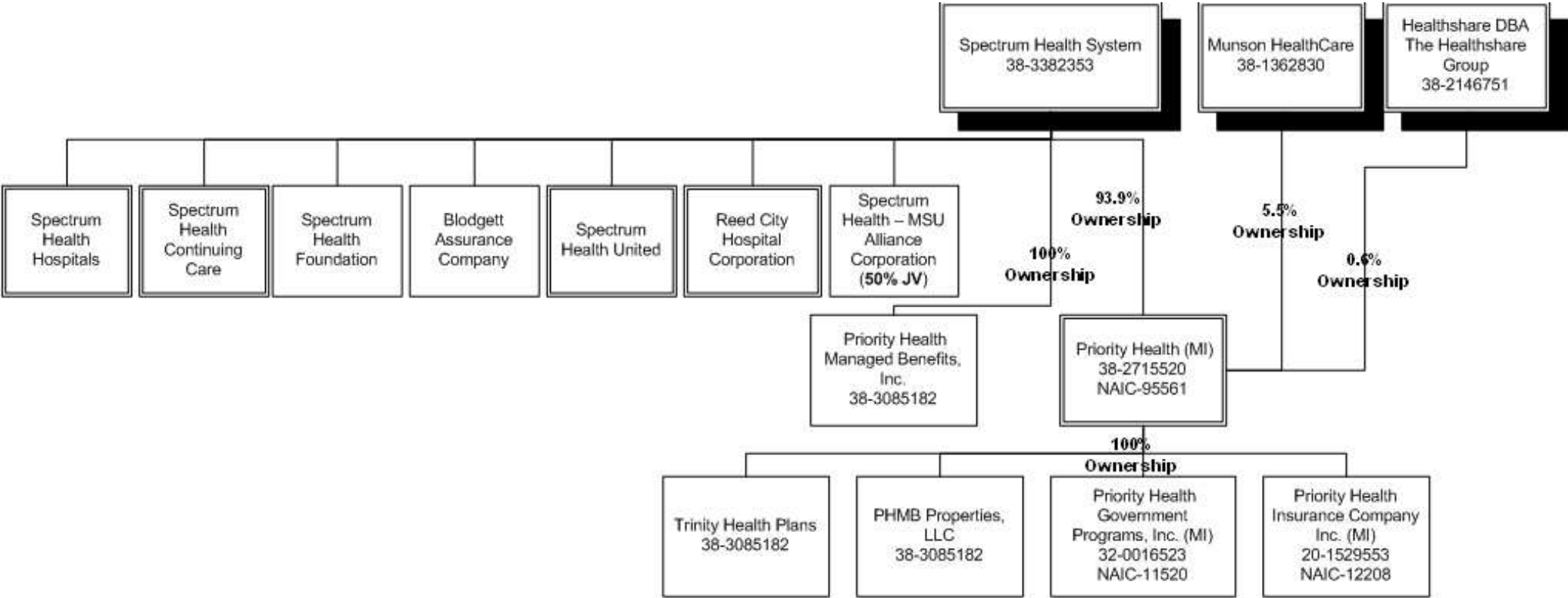
[illegible]

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories										
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	N						.0	
2.	Alaska	AK	N						.0	
3.	Arizona	AZ	N						.0	
4.	Arkansas	AR	N						.0	
5.	California	CA	N						.0	
6.	Colorado	CO	N						.0	
7.	Connecticut	CT	N						.0	
8.	Delaware	DE	N						.0	
9.	District of Columbia	DC	N						.0	
10.	Florida	FL	N						.0	
11.	Georgia	GA	N						.0	
12.	Hawaii	HI	N						.0	
13.	Idaho	ID	N						.0	
14.	Illinois	IL	N						.0	
15.	Indiana	IN	N						.0	
16.	Iowa	IA	N						.0	
17.	Kansas	KS	N						.0	
18.	Kentucky	KY	N						.0	
19.	Louisiana	LA	N						.0	
20.	Maine	ME	N						.0	
21.	Maryland	MD	N						.0	
22.	Massachusetts	MA	N						.0	
23.	Michigan	MI	L	885,048,485	57,207,288				942,255,773	
24.	Minnesota	MN	N						.0	
25.	Mississippi	MS	N						.0	
26.	Missouri	MO	N						.0	
27.	Montana	MT	N						.0	
28.	Nebraska	NE	N						.0	
29.	Nevada	NV	N						.0	
30.	New Hampshire	NH	N						.0	
31.	New Jersey	NJ	N						.0	
32.	New Mexico	NM	N						.0	
33.	New York	NY	N						.0	
34.	North Carolina	NC	N						.0	
35.	North Dakota	ND	N						.0	
36.	Ohio	OH	N						.0	
37.	Oklahoma	OK	N						.0	
38.	Oregon	OR	N						.0	
39.	Pennsylvania	PA	N						.0	
40.	Rhode Island	RI	N						.0	
41.	South Carolina	SC	N						.0	
42.	South Dakota	SD	N						.0	
43.	Tennessee	TN	N						.0	
44.	Texas	TX	N						.0	
45.	Utah	UT	N						.0	
46.	Vermont	VT	N						.0	
47.	Virginia	VA	N						.0	
48.	Washington	WA	N						.0	
49.	West Virginia	WV	N						.0	
50.	Wisconsin	WI	N						.0	
51.	Wyoming	WY	N						.0	
52.	American Samoa	AS	N						.0	
53.	Guam	GU	N						.0	
54.	Puerto Rico	PR	N						.0	
55.	U.S. Virgin Islands	VI	N						.0	
56.	Northern Mariana Islands	MP	N						.0	
57.	Canada	CN	N						.0	
58.	Aggregate Other Alien	OT	XXX	.0	.0	.0	.0	.0	.0	.0
59.	Subtotal	XXX	885,048,485	57,207,288	.0	.0	.0	.0	942,255,773	.0
60.	Reporting entity contributions for Employee Benefit Plans	XXX							.0	
61.	Total (Direct Business)	(a) 1	885,048,485	57,207,288	0	0	0	0	942,255,773	0
DETAILS OF WRITE-INS										
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5899.	Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Statement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.

Bar Code:

1.



OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	632,051	223,104
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions.....	190,531	511,661
2.2 Additional investment made after acquisitions.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		0
5. Deduct amounts received on disposals.....		0
6. Total foreign exchange change in book/adjusted carrying value.....		0
7. Deduct current year's other than temporary impairment recognized.....		
8. Deduct current year's depreciation.....	112,387	102,714
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8).....	710,195	632,051
10. Deduct total nonadmitted amount.....	710,195	632,051
11. Statement value at end of current period (Line 9 minus Line 10).....	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest at December 31 of prior year.....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions.....		0
2.2 Additional investment made after acquisitions.....		0
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		0
7. Deduct amounts received on disposals.....		0
8. Deduct amortization of premium and mortgage interest points and commitment fees.....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....		
10. Deduct current year's other than temporary impairment recognized.....		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Deduct total nonadmitted accounts.....		0
13. Statement value at end of current period (Line 11 minus Line 12).....	0	0

SCHEDULE BA – VERIFICATION

Other Long Term Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions.....		0
2.2 Additional investment made after acquisitions.....		0
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		0
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		0
7. Deduct amounts received on disposals.....		0
8. Deduct amortization of premium and depreciation.....		0
9. Total foreign exchange change in book/adjusted carrying value.....		0
10. Deduct current year's other than temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Deduct total nonadmitted amounts.....		0
13. Statement value at end of current period (Line 11 minus Line 12).....	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	197,413,930	186,410,980
2. Cost of bonds and stocks acquired.....	54,382,388	45,130,650
3. Accrual of discount.....	121,210	167,570
4. Unrealized valuation increase (decrease).....	(8,008,402)	(160,757)
5. Total gain (loss) on disposals.....	23,935	(165,328)
6. Deduct consideration for bonds and stocks disposed of.....	42,785,298	33,433,435
7. Deduct amortization of premium.....	290,064	535,750
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	200,857,699	197,413,930
11. Deduct total nonadmitted amounts.....	802,347	809,631
12. Statement value at end of current period (Line 10 minus Line 11).....	200,055,352	196,604,299

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	321,306,198	99,824,376	93,095,691	(431,908)	319,973,128	321,306,198	327,602,975	311,428,008
2. Class 2 (a).....	6,840,342	0	500,000	(4,719)	4,206,873	6,840,342	6,335,623	4,241,462
3. Class 3 (a).....	0	0	0	0	0	0	0	0
4. Class 4 (a).....	0	0	0	0	0	0	0	0
5. Class 5 (a).....	0	0	0	0	0	0	0	0
6. Class 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	328,146,540	99,824,376	93,595,691	(436,627)	324,180,001	328,146,540	333,938,598	315,669,469
PREFERRED STOCK								
8. Class 1	0	0	0	0	0	0	0	0
9. Class 2	0	0	0	0	0	0	0	0
10. Class 3	0	0	0	0	0	0	0	0
11. Class 4	0	0	0	0	0	0	0	0
12. Class 5	0	0	0	0	0	0	0	0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	328,146,540	99,824,376	93,595,691	(436,627)	324,180,001	328,146,540	333,938,598	315,669,469

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0 ; NAIC 2 \$.....0 ; NAIC 3 \$.....0 ; NAIC 4 \$.....0 ; NAIC 5 \$.....0 ; NAIC 6 \$.....0

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	197,049,605	XXX	197,737,617	5,398,188	196,816

SCHEDULE DA - VERIFICATION

Short-Term Investments		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	181,244,201	141,855,430
2. Cost of short-term investments acquired	272,444,289	357,435,116
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....	(318,852)	942,247
5. Total gain (loss) on disposals.....	6,938	100
6. Deduct consideration received on disposals.....	256,326,971	318,988,692
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	197,049,605	181,244,201
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	197,049,605	181,244,201

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

SCHEDULE E-VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	0
2. Cost of cash equivalents.....	5,271,840	7,769,005
3. Accrual of discount.....	26,936	36,819
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals.....	5,000,000	7,800,000
7. Deduct amortization of premium.....	0	5,824
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	298,776	0
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	298,776	0

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Priority Health

SCHEDULE A - PART 2

Showing All Real Estate ACQUIRED and Additions Made During the Current Quarter

[illegible]

SCHEDULE A - PART 3

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales under Contract"

[illegible]

EO1

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Priority Health

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator ^(a)
31331Y-N6-3.....	FFCB.....		..07/01/2008.....	BONDSDIRECT.....		989,670.....	1,000,000.....	4,961.....	1.....
3133XR-XK-1.....	FHLB.....		..07/30/2008.....	MK.....		1,000,000.....	1,000,000.....	0.....	1.....
3133XS-AE-8.....	FHLB.....		..09/22/2008.....	JP MORGAN.....		1,370,844.....	1,400,000.....	1,128.....	1.....
36295Q-LK-4.....	GNMA #677230.....		..08/28/2008.....	DAIN BOSWORTH.....		507,846.....	499,495.....	1,748.....	1.....
912828-CA-6.....	US TREASURY N/B.....		..07/01/2008.....	BONDSDIRECT.....		2,065,625.....	2,000,000.....	30,330.....	1.....
912828-ED-8.....	US TREASURY N/B.....		..08/08/2008.....	MELLON.....		1,086,422.....	1,050,000.....	20,823.....	1.....
0399999 - Total - Bonds - U.S. Government						7,020,407.....	6,949,495.....	58,990.....	XXX.....
31371N-ZP-3.....	FNMA #257350.....		..09/05/2008.....	GREENWICH.....		1,315,722.....	1,296,078.....	2,160.....	1.....
31410F-Z9-9.....	FNMA #888268.....		..07/01/2008.....	MELLON.....		1,498,547.....	1,484,169.....	3,216.....	1.....
31413S-CV-4.....	FNMA #953784.....		..08/19/2008.....	SHAY.....		1,928,413.....	1,917,626.....	6,712.....	1.....
31414S-YU-1.....	FNMA #975123.....		..09/05/2008.....	GREENWICH.....		981,960.....	987,204.....	1,508.....	1.....
35474P-AA-5.....	FRANKLIN TN INDL DEV BRD.....		..09/29/2008.....	FIFTHTHIRD.....		1,000,000.....	1,000,000.....	3,902.....	1FE.....
3199999 - Total - Bonds - Special Revenue						6,724,642.....	6,685,078.....	17,498.....	XXX.....
744448-CB-5.....	PUBLIC SERVICE COLORADO.....		..08/22/2008.....	UBS.....		508,600.....	500,000.....	1,128.....	1FE.....
842400-FJ-7.....	SOUTHERN CALIFORNIA ED.....		..08/11/2008.....	MERRILL LYNCH.....		248,580.....	250,000.....	0.....	1FE.....
3899999 - Total - Bonds - Public Utilities						757,180.....	750,000.....	1,128.....	XXX.....
037411-AT-2.....	APACHE CORP.....		..07/02/2008.....	BONDSDIRECT.....		507,470.....	500,000.....	6,052.....	1FE.....
084664-BF-7.....	BERKSHIRE HATHAWAY FIN.....		..07/30/2008.....	GOLDMAN SACHS.....		398,816.....	400,000.....	0.....	1FE.....
257144-AA-3.....	DOMINICAN SISTERS ST MARY.....		..09/24/2008.....	FIFTHTHIRD.....		1,000,000.....	1,000,000.....	3,883.....	1FE.....
263534-BT-5.....	E. I. DU PONT DE NEMOURS.....		..08/05/2008.....	MK.....		506,535.....	500,000.....	833.....	1FE.....
34985P-AA-0.....	FORWARD CORPORATION.....		..09/24/2008.....	FIFTHTHIRD.....		1,000,000.....	1,000,000.....	2,558.....	1FE.....
37185Q-AA-9.....	GENESYS MEDSPORTS LLC.....		..09/24/2008.....	FIFTHTHIRD.....		1,000,000.....	1,000,000.....	2,558.....	1FE.....
53223J-AA-6.....	LIGHT OF THE WORLD CHRST.....		..09/29/2008.....	FIFTHTHIRD.....		1,000,000.....	1,000,000.....	3,902.....	1FE.....
68389X-AD-7.....	ORACLE CORP.....		..07/02/2008.....	FIRSTTEN.....		506,330.....	500,000.....	6,119.....	1FE.....
910428-AA-9.....	UNITED FUELS LLC.....		..09/24/2008.....	FIFTHTHIRD.....		1,000,000.....	1,000,000.....	3,651.....	1FE.....
931422-AD-1.....	WALGREEN CO.....		..07/22/2008.....	HSBC.....		496,100.....	500,000.....	542.....	1FE.....
89352H-AF-6.....	TRANS-CANADA PIPELINES.....		..08/22/2008.....	MERRILL LYNCH.....		506,410.....	500,000.....	1,444.....	1FE.....
4599999 - Total - Bonds - Industrial, Misc.						7,921,661.....	7,900,000.....	31,541.....	XXX.....
6099997 - Total - Bonds - Part 3						22,423,890.....	22,284,573.....	109,156.....	XXX.....
6099999 - Total - Bonds						22,423,890.....	22,284,573.....	109,156.....	XXX.....
6599999 - Total - Preferred Stocks						0.....	XXX.....	0.....	XXX.....
693390-70-0.....	PIMCO FDS TOTAL RETURN - INST.....		..09/16/2008.....	FIFTHTHIRD.....	471,698.113.....	5,000,000.....		0.....	1.....
922040-10-0.....	VANGUARD INSTL INDEX FUND.....		..09/25/2008.....	VANGUARD FUNDS.....	912.492.....	100,785.....		0.....	1.....
7099999 - Total - Common Stocks - Mutual Funds						5,100,785.....	XXX.....	0.....	XXX.....
7299997 - Total - Common Stocks - Part 3						5,100,785.....	XXX.....	0.....	XXX.....
7299999 - Total - Common Stocks						5,100,785.....	XXX.....	0.....	XXX.....
7399999 - Total - Preferred and Common Stocks						5,100,785.....	XXX.....	0.....	XXX.....
7499999 - Totals						27,524,674.....	XXX.....	109,156.....	XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0 .

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
31331Y-CN-8.	FFCB		07/30/2008.	GX CLARK		1,007,960	1,000,000	1,005,110	1,005,091	.0	(237)	.0	(237)	.0	1,004,854	.0	3,106	.3,106	.36,698	10/28/2016.	1.
31359W-A4-5.	FNMA		08/22/2008.	CITICORP		467,530	450,000	450,895	450,683	.0	(51)	.0	(51)	.0	450,632	.0	16,898	16,898	19,375	04/15/2015.	1.
31359W-EU-3.	FNMA		08/22/2008.	CITICORP		518,332	450,000	539,568	534,656	.0	(1,505)	.0	(1,505)	.0	533,150	.0	(14,818)	(14,818)	21,875	05/15/2029.	1.
31359W-SQ-7.	FNMA		08/15/2008.	MATURITY		50,000	50,000	49,594	49,933	.0	67	.0	67	.0	50,000	.0	.0	.0	1,625	08/15/2008.	1.
36202Y-XU-0.	GNMA #610991.		09/01/2008.	MBS PAYDOWN		10,154	10,154	10,084	10,150	.0	4	.0	4	.0	10,154	.0	.0	.0	338	06/01/2034.	1.
36291E-RM-5.	GNMA #626092.		09/01/2008.	MBS PAYDOWN		1,535	1,535	1,561	1,536	.0	(1)	.0	(1)	.0	1,535	.0	.0	.0	56	03/01/2034.	1.
36291S-PT-1.	GNMA #636834.		09/01/2008.	MBS PAYDOWN		9,304	9,304	9,495	9,309	.0	(5)	.0	(5)	.0	9,304	.0	.0	.0	327	11/01/2034.	1.
36295N-ND-5.	GNMA #675488.		09/01/2008.	MBS PAYDOWN		4,382	4,382	4,370	.0	.0	.0	.0	.0	.0	4,382	.0	.0	.0	30	06/01/2038.	1.
36295S-C8-7.	GNMA #678795.		09/01/2008.	MBS PAYDOWN		52,461	52,461	53,355	.0	.0	(18)	.0	(18)	.0	52,461	.0	.0	.0	381	12/01/2037.	1.
912810-ET-1.	US TREASURY N/B.		09/05/2008.	CITICORP		1,406,051	1,000,000	1,378,188	1,150,922	.0	(8,628)	.0	(8,628)	.0	1,344,460	.0	61,590	61,590	75,504	02/15/2025.	1.
912810-PW-2.	US TREASURY N/B.		09/05/2008.	CITICORP		510,447	500,000	481,719	.0	.0	130	.0	130	.0	481,849	.0	28,599	28,599	12,364	02/15/2038.	1.
912828-BG-4.	US TREASURY N/B.		08/15/2008.	MATURITY		1,050,000	1,050,000	1,035,563	1,041,125	.0	8,875	.0	8,875	.0	1,050,000	.0	.0	.0	34,125	08/15/2008.	1.
0399999 - Bonds - U.S. Governments						5,088,155	4,577,835	5,019,500	4,253,404	0	(1,370)	0	(1,370)	0	4,992,780	0	95,375	95,375	202,698	XXX	XXX
31283H-S9-7.	FHLMC G01444.		09/01/2008.	MBS PAYDOWN		5,019	5,019	5,227	5,034	.0	(15)	.0	(15)	.0	5,019	.0	.0	.0	214	08/01/2032.	1.
31287X-Z8-2.	FHLMC C70767.		09/01/2008.	MBS PAYDOWN		1,109	1,109	1,149	.0	.0	3	.0	3	.0	1,109	.0	.0	.0	44	09/01/2032.	1.
3128JW-ZC-0.	FHLMC 1B2670.		08/01/2008.	MBS PAYDOWN		30,368	30,368	30,517	30,365	.0	3	.0	3	.0	30,368	.0	.0	.0	846	12/01/2034.	1.
3128K6-SB-2.	FHLMC A46242.		09/01/2008.	MBS PAYDOWN		12,771	12,771	12,278	12,733	.0	38	.0	38	.0	12,771	.0	.0	.0	436	07/01/2035.	1.
3128M1-C7-2.	FHLMC G11994.		09/01/2008.	MBS PAYDOWN		17,917	17,917	17,803	17,900	.0	17	.0	17	.0	17,917	.0	.0	.0	651	05/01/2021.	1.
3128M1-KY-4.	FHLMC G12211.		09/01/2008.	MBS PAYDOWN		15,499	15,499	15,129	15,453	.0	46	.0	46	.0	15,499	.0	.0	.0	515	06/01/2021.	1.
3128M1-NX-3.	FHLMC G12306.		09/01/2008.	MBS PAYDOWN		15,225	15,225	15,370	15,265	.0	(40)	.0	(40)	.0	15,225	.0	.0	.0	599	07/01/2021.	1.
3128M4-K6-9.	FHLMC G02717.		09/01/2008.	MBS PAYDOWN		19,025	19,025	18,799	18,999	.0	26	.0	26	.0	19,025	.0	.0	.0	696	02/01/2037.	1.
3128MJ-BP-4.	FHLMC G08045.		09/01/2008.	MBS PAYDOWN		7,791	7,791	7,742	.0	.0	2	.0	2	.0	7,791	.0	.0	.0	255	03/01/2035.	1.
3128MJ-BQ-2.	FHLMC G08046.		09/01/2008.	MBS PAYDOWN		22,542	22,542	22,881	22,554	.0	(12)	.0	(12)	.0	22,542	.0	.0	.0	814	03/01/2035.	1.
3128MJ-CJ-7.	FHLMC G08072.		09/01/2008.	MBS PAYDOWN		12,103	12,103	11,794	12,087	.0	15	.0	15	.0	12,103	.0	.0	.0	400	08/01/2035.	1.
3128MJ-F4-7.	FHLMC G08186.		09/01/2008.	MBS PAYDOWN		25,509	25,509	25,262	25,478	.0	31	.0	31	.0	25,509	.0	.0	.0	916	03/01/2037.	1.
3128MM-CQ-4.	FHLMC G18078.		09/01/2008.	MBS PAYDOWN		16,332	16,332	16,049	16,301	.0	31	.0	31	.0	16,332	.0	.0	.0	532	10/01/2020.	1.
3128MM-DG-5.	FHLMC G18102.		09/01/2008.	MBS PAYDOWN		18,276	18,276	18,544	18,306	.0	(30)	.0	(30)	.0	18,276	.0	.0	.0	729	02/01/2021.	1.
31292H-R7-1.	FHLMC C01410.		09/01/2008.	MBS PAYDOWN		2,069	2,069	2,134	2,065	.0	4	.0	4	.0	2,069	.0	.0	.0	82	10/01/2032.	1.
31292H-RZ-9.	FHLMC C01404.		09/01/2008.	MBS PAYDOWN		1,912	1,912	1,983	1,899	.0	13	.0	13	.0	1,912	.0	.0	.0	80	10/01/2032.	1.
31292J-BQ-2.	FHLMC C01847.		09/01/2008.	MBS PAYDOWN		9,551	9,551	9,432	9,546	.0	5	.0	5	.0	9,551	.0	.0	.0	348	06/01/2034.	1.
31292J-BR-0.	FHLMC C01848.		09/01/2008.	MBS PAYDOWN		15,690	15,690	16,075	15,706	.0	(17)	.0	(17)	.0	15,690	.0	.0	.0	626	06/01/2034.	1.
31294K-YC-3.	FHLMC E01607.		09/01/2008.	MBS PAYDOWN		15,430	15,430	15,623	15,453	.0	(23)	.0	(23)	.0	15,430	.0	.0	.0	513	04/01/2019.	1.
312965-TD-8.	FHLMC B13248.		09/01/2008.	MBS PAYDOWN		77,757	77,757	79,130	77,853	.0	(96)	.0	(96)	.0	77,757	.0	.0	.0	2,626	04/01/2019.	1.
312969-ZB-8.	FHLMC B17190.		09/01/2008.	MBS PAYDOWN		13,595	13,595	13,578	13,592	.0	2	.0	2	.0	13,595	.0	.0	.0	408	11/01/2019.	1.
312969-FY-9.	FHLMC B16483.		09/01/2008.	MBS PAYDOWN		19,496	19,496	19,956	19,566	.0	(70)	.0	(70)	.0	19,496	.0	.0	.0	728	09/01/2019.	1.
31297C-KU-3.	FHLMC A24807.		09/01/2008.	MBS PAYDOWN		6,649	6,649	6,560	6,647	.0	2	.0	2	.0	6,649	.0	.0	.0	222	07/01/2034.	1.
31297C-ZO-6.	FHLMC A25251.		09/01/2008.	MBS PAYDOWN		1,934	1,934	2,000	1,935	.0	(1)	.0	(1)	.0	1,934	.0	.0	.0	78	08/01/2034.	1.
31297E-UN-4.	FHLMC A26889.		09/01/2008.	MBS PAYDOWN		22,491	22,491	22,751	22,497	.0	(6)	.0	(6)	.0	22,491	.0	.0	.0	835	09/01/2034.	1.
31297G-FG-1.	FHLMC A28267.		09/01/2008.	MBS PAYDOWN		16,585	16,585	16,859	16,581	.0	3	.0	3	.0	16,585	.0	.0	.0	625	11/01/2034.	1.
31297W-QE-1.	FHLMC A32253.		09/01/2008.	MBS PAYDOWN		1,932	1,932	1,889	1,931	.0	1	.0	1	.0	1,932	.0	.0	.0	64	04/01/2035.	1.
31297N-TA-4.	FHLMC A33245.		09/01/2008.	MBS PAYDOWN		8,005	8,005	7,759	7,996	.0	9	.0	9	.0	8,005	.0	.0	.0	250	02/01/2035.	1.
31335H-AP-5.	FHLMC C90830.		09/01/2008.	MBS PAYDOWN		12,186	12,186	12,009	12,174	.0	12	.0	12	.0	12,186	.0	.0	.0	362	05/01/2024.	1.
31335H-SF-6.	FHLMC C90846.		09/01/2008.	MBS PAYDOWN		19,522	19,522	19,961	19,565	.0	(43)	.0	(43)	.0	19,522	.0	.0	.0	710	08/01/2024.	1.
3133X9-DY-3.	FHLB 6T-9009 1.		09/25/2008.	MBS PAYDOWN		15,032	15,032	14,981	14,989	.0	43	.0	43	.0	15,032	.0	.0	.0	384	11/25/2009.	1.
31371H-D9-6.	FNMA #252228.		09/01/2008.	MBS PAYDOWN		1,126	1,126	1,179	1,135	.0	(9)	.0	(9)	.0	1,126	.0	.0	.0	53	12/01/2028.	1.
31371K-T6-8.	FNMA #254473.		09/01/2008.	MBS PAYDOWN		5,838	5,838	6,044													

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
										11	12	13	14	15							
31388L-C8-1..	FNMA #607695.....		..09/01/2008..	MBS PAYDOWN.....		1,007	1,007	1,041	1,005	.0	.2	.0	.2	.0	1,007	.0	.0	.0	.44	..11/01/2031..	1..
31388R-GT-8..	FNMA #612310.....		..09/01/2008..	MBS PAYDOWN.....		1,296	1,296	1,340	1,302	.0	(.6)	.0	(.6)	.0	1,296	.0	.0	.0	.52	..09/01/2016..	1..
31389U-TR-0..	FNMA #636060.....		..09/01/2008..	MBS PAYDOWN.....		.92	.92	.96	.92	.0	.1	.0	.1	.0	.92	.0	.0	.0	.4	..04/01/2032..	1..
31390P-TE-7..	FNMA #652249.....		..09/01/2008..	MBS PAYDOWN.....		32,811	32,811	33,427	32,848	.0	(37)	.0	(37)	.0	32,811	.0	.0	.0	959	..09/01/2017..	1..
31391D-DD-2..	FNMA #663500.....		..09/01/2008..	MBS PAYDOWN.....		2,415	2,415	2,446	2,414	.0	.1	.0	.1	.0	2,415	.0	.0	.0	.87	..10/01/2032..	1..
31391J-JM-3..	FNMA #668168.....		..09/01/2008..	MBS PAYDOWN.....		11,658	11,658	11,996	11,665	.0	(7)	.0	(7)	.0	11,658	.0	.0	.0	411	..11/01/2032..	1..
31391Q-S8-8..	FNMA #673843.....		..09/01/2008..	MBS PAYDOWN.....		15,513	15,513	15,809	15,532	.0	(19)	.0	(19)	.0	15,513	.0	.0	.0	516	..10/01/2017..	1..
31393M-6V-8..	FHLMC 2580 QL.....		..09/01/2008..	MBS PAYDOWN.....		28,872	28,872	29,513	28,872	.0	.0	.0	.0	.0	28,872	.0	.0	.0	842	..02/01/2009..	1..
31400C-6F-6..	FNMA #684070.....		..09/01/2008..	MBS PAYDOWN.....		15,445	15,445	15,812	15,480	.0	(35)	.0	(35)	.0	15,445	.0	.0	.0	534	..05/01/2018..	1..
31400W-T7-5..	FNMA #699974.....		..09/01/2008..	MBS PAYDOWN.....		3,312	3,312	3,392	3,312	.0	(1)	.0	(1)	.0	3,312	.0	.0	.0	115	..04/01/2033..	1..
31401B-VB-8..	FNMA #703610.....		..09/01/2008..	MBS PAYDOWN.....		7,946	7,946	8,151	7,965	.0	(19)	.0	(19)	.0	7,946	.0	.0	.0	223	..06/01/2018..	1..
31401W-V9-7..	FNMA #720740.....		..09/01/2008..	MBS PAYDOWN.....		7,393	7,393	7,567	7,394	.0	(2)	.0	(2)	.0	7,393	.0	.0	.0	229	..07/01/2033..	1..
314020-CF-6..	FNMA #734570.....		..09/01/2008..	MBS PAYDOWN.....		1,899	1,899	1,883	1,898	.0	.1	.0	.1	.0	1,899	.0	.0	.0	.70	..08/01/2033..	1..
31402W-LY-2..	FNMA #740243.....		..09/01/2008..	MBS PAYDOWN.....		7,130	7,130	7,233	7,134	.0	(4)	.0	(4)	.0	7,130	.0	.0	.0	258	..10/01/2033..	1..
31403D-T8-2..	FNMA #745875.....		..09/01/2008..	MBS PAYDOWN.....		20,655	20,655	20,838	20,692	.0	(36)	.0	(36)	.0	20,655	.0	.0	.0	881	..09/01/2036..	1..
31403U-3H-2..	FNMA #758700.....		..09/01/2008..	MBS PAYDOWN.....		14,073	14,073	13,757	14,048	.0	26	.0	26	.0	14,073	.0	.0	.0	375	..11/01/2019..	1..
31403V-GR-4..	FNMA #759008.....		..09/01/2008..	MBS PAYDOWN.....		11,849	11,849	11,760	11,847	.0	.1	.0	.1	.0	11,849	.0	.0	.0	408	..01/01/2034..	1..
31404D-OG-6..	FNMA #765555.....		..09/01/2008..	MBS PAYDOWN.....		1,378	1,378	1,357	1,378	.0	.0	.0	.0	.0	1,378	.0	.0	.0	.46	..12/01/2033..	1..
31404J-QD-0..	FNMA #770052.....		..09/01/2008..	MBS PAYDOWN.....		4,845	4,845	4,891	4,848	.0	(3)	.0	(3)	.0	4,845	.0	.0	.0	145	..03/01/2019..	1..
31404K-TB-8..	FNMA #771046.....		..09/01/2008..	MBS PAYDOWN.....		12,310	12,310	12,269	12,308	.0	.2	.0	.2	.0	12,310	.0	.0	.0	369	..04/01/2019..	1..
31405B-A6-8..	FNMA #784029.....		..09/01/2008..	MBS PAYDOWN.....		16,979	16,979	16,923	16,974	.0	.5	.0	.5	.0	16,979	.0	.0	.0	494	..06/01/2019..	1..
31405C-UT-4..	FNMA #785494.....		..09/01/2008..	MBS PAYDOWN.....		25,237	25,237	25,048	25,229	.0	.8	.0	.8	.0	25,237	.0	.0	.0	802	..06/01/2034..	1..
31405F-3V-2..	FNMA #788412.....		..09/01/2008..	MBS PAYDOWN.....		50,588	50,588	49,892	50,545	.0	43	.0	43	.0	50,588	.0	.0	.0	1,683	..07/01/2019..	1..
31405H-S6-9..	FNMA #790247.....		..09/01/2008..	MBS PAYDOWN.....		1,729	1,729	1,690	1,729	.0	.0	.0	.0	.0	1,729	.0	.0	.0	.57	..08/01/2034..	1..
31405W-MA-2..	FNMA #793353.....		..09/01/2008..	MBS PAYDOWN.....		9,285	9,285	9,563	9,276	.0	.8	.0	.8	.0	9,285	.0	.0	.0	360	..08/01/2034..	1..
31405N-S8-9..	FNMA #794443.....		..09/01/2008..	MBS PAYDOWN.....		24,605	24,605	24,894	24,621	.0	(16)	.0	(16)	.0	24,605	.0	.0	.0	889	..10/01/2034..	1..
31405P-OQ-6..	FNMA #795263.....		..09/01/2008..	MBS PAYDOWN.....		6,531	6,531	6,650	6,542	.0	(10)	.0	(10)	.0	6,531	.0	.0	.0	215	..09/01/2019..	1..
31406B-EU-0..	FNMA #804847.....		..09/01/2008..	MBS PAYDOWN.....		2,484	2,484	2,396	2,480	.0	.4	.0	.4	.0	2,484	.0	.0	.0	.75	..01/01/2035..	1..
31406F-TS-0..	FNMA #808861.....		..09/01/2008..	MBS PAYDOWN.....		9,333	9,333	9,479	9,338	.0	(4)	.0	(4)	.0	9,333	.0	.0	.0	372	..01/01/2035..	1..
31406K-E9-7..	FNMA #812060.....		..09/01/2008..	MBS PAYDOWN.....		3,076	3,076	3,062	3,074	.0	.1	.0	.1	.0	3,076	.0	.0	.0	103	..03/01/2035..	1..
31406T-JR-3..	FNMA #819372.....		..09/01/2008..	MBS PAYDOWN.....		16,274	16,274	16,189	16,266	.0	.8	.0	.8	.0	16,274	.0	.0	.0	473	..03/01/2020..	1..
31407B-U6-4..	FNMA #826005.....		..09/01/2008..	MBS PAYDOWN.....		9,469	9,469	9,142	9,451	.0	.18	.0	.18	.0	9,469	.0	.0	.0	308	..07/01/2035..	1..
31407Y-ES-4..	FNMA #844445.....		..09/01/2008..	MBS PAYDOWN.....		15,868	15,868	15,275	15,821	.0	.47	.0	.47	.0	15,868	.0	.0	.0	561	..12/01/2035..	1..
31407Y-R6-8..	FNMA #844809.....		..09/01/2008..	MBS PAYDOWN.....		10,966	10,966	10,678	10,950	.0	.16	.0	.16	.0	10,966	.0	.0	.0	369	..11/01/2035..	1..
31408A-EN-6..	FNMA #845341.....		..09/01/2008..	MBS PAYDOWN.....		18,467	18,467	18,386	18,461	.0	.6	.0	.6	.0	18,467	.0	.0	.0	675	..01/01/2036..	1..
31408B-2X-5..	FNMA #846890.....		..09/01/2008..	MBS PAYDOWN.....		10,196	10,196	10,065	10,190	.0	.5	.0	.5	.0	10,196	.0	.0	.0	385	..12/01/2035..	1..
31408D-UQ-5..	FNMA #848491.....		..09/01/2008..	MBS PAYDOWN.....		17,683	17,683	17,340	17,657	.0	.26	.0	.26	.0	17,683	.0	.0	.0	641	..12/01/2035..	1..
31409E-LS-8..	FNMA #868937.....		..09/01/2008..	MBS PAYDOWN.....		11,314	11,314	11,452	11,339	.0	(25)	.0	(25)	.0	11,314	.0	.0	.0	504	..05/01/2036..	1..
31410F-Z9-9..	FNMA #888268.....		..09/01/2008..	MBS PAYDOWN.....		25,621	25,621	25,869	.0	.0	(2)	.0	(2)	.0	25,621	.0	.0	.0	187	..03/01/2037..	1..
31410U-SZ-6..	FNMA #897936.....		..09/01/2008..	MBS PAYDOWN.....		39,142	39,142	39,240	39,165	.0	(23)	.0	(23)	.0	39,142	.0	.0	.0	1,416	..08/01/2021..	1..
31410V-DU-1..	FNMA #898415.....		..09/01/2008..	MBS PAYDOWN.....		22,219	22,219	22,403	22,251	.0	(32)	.0	(32)	.0	22,219	.0	.0	.0	896	..10/01/2036..	1..
31411E-ZB-6..	FNMA #906238.....		..09/01/2008..	MBS PAYDOWN.....		34,651	34,651	33,563	34,568	.0	83	.0	83	.0	34,651	.0	.0	.0	1,157	..01/01/2037..	1..
31413D-S4-0..	FNMA #942539.....		..09/01/2008..	MBS PAYDOWN.....		10,295	10,295	10,171	10,273	.0	.22	.0	.22	.0	10,295	.0	.0	.0	395	..08/01/2037..	1..
31413S-CV-4..	FNMA #953784.....		..09/01/2008..	MBS PAYDOWN.....		5,341	5,341	5,371	.0	.0	.0	.0	.0	.0	5,341	.0	.0	.0	.27	..11/01/2037..	1..
31413S-HB-3..	FNMA #953926.....		..09/01/2008..	MBS PAYDOWN.....		6,368	6,368	6,448	.0	.0	(4)	.0	(4)	.0	6,368	.0	.0	.0	122	..12/01/2037..	1..
3199999 - Bonds - Special Revenues						1,330,226															

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter																					
1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identi- fication	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Desig- nation or Market Indicator (a)
7499999 Totals						9,311,630	XXX	9,483,208	8,284,023	0	(23,557)	0	(23,557)	0	9,321,044	0	(9,414)	(9,414)	368,018	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0 .

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Priority Health

SCHEDULE E - PART 1 - CASH

[illegible]

SCHEDULE E - PART 2 - CASH EQUIVALENTS

[illegible]